



COMPETITIVENESS OF MINNESOTA'S FOREST PRODUCTS INDUSTRY

STUDY CHARGE

- ✗ Assess how our state's forest-based economy and forest resources rank compared to other states and countries.
- ✗ Development of clear recommendations for improving Minnesota's competitiveness in areas such as:
 - + Permitting and environmental review,
 - + Transportation,
 - + Taxation,
 - + Energy costs, and others.



STEERING COMMITTEE

- ✖ Bob Stine, Chair (UMN)
- ✖ Pete Aube – Potlatch
- ✖ Forrest Boe – DNR
Division of Forestry
- ✖ Heather Rand –
Department of
Employment and
Economic Development
- ✖ John Fryc – Wood Fiber
Council
- ✖ Craig Halla – Molpus
Timberland Management
- ✖ Judy Haney – Packaging
Corporation of America
- ✖ Kit Hasbargen – Timber
Producers Association
- ✖ Joe Maher – UPM Blandin
- ✖ Gene Merriam – MFRC
Environmental Interest
- ✖ Mike Schultz – SAPPI
- ✖ Jack Wallingford – Norbord
MN

WORKING GROUP

- ✘ Andrew Arends – DNR Division of Forestry
- ✘ Steve Betzler – MN Power
- ✘ Wayne Brandt – MN Forest Industries
- ✘ Alan Ek – UMN (Forest Resources)
- ✘ Dave Hart – Iron Range Resources and Rehabilitation Board
- ✘ Dick Hemmingsen – UMN (Bioproducts and Biosystems Engineering)
- ✘ Calder Hibbard, Facilitator – MFRC
- ✘ Mike Kilgore – UMN (Forest Resources)
- ✘ Heather Rand – DEED
- ✘ Dave Zumeta, facilitator - MFRC

TOP ISSUES

- ✖ Overarching and contextual issues
 - + Business environment (over-arching goal, report to be built around this key concept)
 - + Increase exposure / Tell story (use the report as a vehicle for this)
 - + Forest health (important contextual piece) (Ek and others)
 - + Bio-economy (Hemmingsen)



SIGNIFICANT AND ACTIONABLE ISSUES

- ✗ Timber availability and cost (Arends)
- ✗ Cost of energy (Betzler)
- ✗ Collaboration between industry and government – especially workforce development (Ek, Rand, Hart)
- ✗ Environmental review/permitting/regulation (Kilgore)
- ✗ Taxation (Hibbard)
- ✗ Transportation (Brandt)
- ✗ Sub-issues (private forest management and certification)

EXAMPLES OF ANALYSIS

- ✖ Mortality as % of annual growth ('03-'13)
 - + 17% increase in MN
 - + 11% increase in AL
 - + 5% increase in WI
- ✖ Rough and rotten wood as % of total volume ('03-'13)
 - + 50% increase in MN
 - + 30% increase in AL
 - + 9% decrease in WI
- ✖ Average industrial rates for electricity ('03-'13)
 - + 86% increase in AL
 - + 80% increase in MN
 - + 69% increase in WI
 - + 57% increase in MI
 - + 1% decrease in ME

PRELIMINARY REPORT STRUCTURE

✖ Background

- + Purpose and charge
- + Rationale
- + Summary of approach
- + Summary of past efforts
- + Elements that influence competition



✖ Update of '03 competitiveness report

- + Determination of issues
- + Determination and analysis of metrics

PRELIMINARY REPORT STRUCTURE CONT.

- ✖ Effectiveness of factors and policy tools at maintaining, diversifying and attracting industry
 - + One-time incentives
 - + Mini case studies
- ✖ Looking forward
- ✖ Recommendations



TIME FRAME

✗ June/July

- + Develop, define, analyze metrics
- + Develop and administer small state survey
- + Write background & looking forward sections
- + Determine mini-case studies

✗ August

- + Finish analysis and begin drafting recommendations

✗ September

- + Develop draft recommendations and report

✗ October

- + Finish near to final report

✗ December 1 – Delivery of report